



Foreign Agricultural Service

**GAIN Report**

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## **Singapore**

### **Market Development Reports**

### **Consolidation in the Supermarket Industry**

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#### **Report Highlights:**

The Singapore Retail Industry has consolidated further with the departure of a major supermarket chain, Royal Ahold. The sale of seven supermarket outlets to Dairy Farm will provide an opportunity for the group to widen its distribution reach to the middle and lower income groups residing in suburban and new housing estates.

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Singapore [SN1], SN

## **Consolidation in the Supermarket Industry**

In announcing the sale of seven supermarket outlets to the Singapore publicly listed Dairy Farm group, Royal Ahold has decided to pull out of all retail operations in Singapore. Dairy Farm which owns and operates 24 Cold Storage supermarkets will retain the Tops name for the seven outlets till February 2000.

Two of the Royal Ahold supermarkets, the Tanglin Mart and the Tops outlet in Great World city complex are in prime locations and cater to mainly upmarket clientele. The remaining five Tops outlets are located in suburban residential housing estates and face intense competition from NTUC Fairprice group.

It is thought that Dairy Farm by purchasing the Tops outlets in the suburban and new housing districts will be able to achieve a wider distribution reach and target the upper-middle income groups located in those areas. Traditionally, Dairy Farm has left the suburban and new housing districts to NTUC Fairprice and would focus only on the upper income housing customers living in prime housing areas. Industry sources speculate that this appears to herald a change in strategy since NTUC Fairprice is starting to move into the upper income segment by the establishment of the Liberty store initially in the prime Orchard Road area in December 1998 and in the near future, another similar one in the Jurong housing estate.

The size of the retail food industry is estimated to be worth US\$2.7 billion annually of which the four supermarket chains (NTUC Fairprice, Cold Storage, Tops and Smart) take up about 50 percent market share. The acquisition of the seven outlets will enable Cold Storage to achieve greater economies in purchasing and to widen their customer base beyond their regular upper income segments.

END OF REPORT